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China, Peoples Republic of Honey

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Report Highlights:

Chinese honey exports are at record highs even after a slump in production during the last half of year 2000. Production outlook in year 2001 is brighter, but the U.S. action on Chinese honey will likely drive down export volume and price.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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GENERAL SUMMARY

Caution is still needed when considering statistics for the bee raising and honey production industry within China. There is a large discrepancy between total honey production and production for commercial/consumer use. Since 1996 and 1997 nationwide collection and coordination for honey statistics has been gradually given up.

There are no official extracted honey production figures. Total honey production figures reported by industry sources range from a low 150,000 MT to a high 200,000 MT. Industry sources feel that high figures reported in the press should be revised downward to accurately reflect what honey is made available to the market. Industry sources report stable production figures are between 170,000 to 180,000 MT for the past several years, yet this contradicts data recorded in the China Statistical Yearbook.

China exported 102,888 MT of honey in 2000, 15 percent greater than exports in 1999. There continue to be large inconsistencies between Chinese honey exports as reported by China Customs and those reported by countries importing Chinese honey. Rather significant data gaps can be seen in trade data between what China reports exported with Japan or Germany and what Japan and Germany report being imported from China. Honey exports in the first two months of 2001 are 13,900 MT, an increase of 14 percent over the same period in 2000. Industry sources forecast that China's total honey exports in 2000 will reach at least 90,000 MT.

The U.S. action against Chinese honey dumping should drive 2001 export volume and price down. China's honey export price is already in a downward trend. Prices continued to drop during the first half of 2000 due to high production levels. Production fell off, but international demand remained and honey exports regained some of their lost value in the last half of 2000.

Chinese government policy encourages bee raising and honey production. Reportedly, the government at both the central and local levels has not financially supported honey producers since 1978. It has also been said that government financial support for producers of health care products that use honey and related items doesn't exist.

There is support from provincial levels and bee keeping management stations in the form of bee disease prevention, technology extension, and beekeeper education. There is government support and promotion helping organize small scale producers into larger collectives. Additionally, beekeepers incomes from the sale of honey, honey products, and queen bees are tax free.

PSD Table						
Country	China, Peoples Republic of					
Commodity	Honey				(1000 COLONIES)(MT)	
	Revised		Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin				01/2000		01/2001
Commercial Colonies	5500		0	5500		5700
NonCommercial Colonies	800		0	800		800
TOTAL Colonies	6300	6000	0	6300	0	6500
Beginning Stocks	16816	22517	8216	56047	0	37892
Production	180000	230000	0	200000	0	200000
Imports	1400	850	0	372	0	100
TOTAL SUPPLY	198216	253367	8216	256419	0	237992
Exports	80000	87188	0	102888	0	90000
Domestic Consumption	110000	110132	0	115639		121421
Ending Stocks	8216	56047		37892	0	26571
TOTAL DISTRIBUTION	198216	253367	0	256419	0	237992

Sources: China Statistical Yearbook, China Customs, China National Native and By-Products Import and Export Corporation

PRODUCTION

General

There are no official extracted honey production figures. Total honey production figures reported by industry sources range from a low of 150,000 MT to a high of 200,000 MT. Industry sources feel that high figures reported in the press should be revised downward to accurately reflect what honey is made available to the market. Industry sources report stable production figures are between 170,000 to 180,000 MT for the past several years, yet this contradicts data recorded in the China Statistical Yearbook.

China Statistical Yearbook reports 1999 honey production of 230,000 MT. China Statistical Yearbook production is consistent with numbers published by the Ministry of Agriculture for previous years. In 1999, Ministry of Agriculture didn't publish honey production data. Ministry sources believe, however, that total extracted honey in 1999 was 180,000 MT; of which only 130,000 MT available for market use.

All industry sources would like to see a repeat of last year's production. Goals for 2001 total extracted honey production are 200,000 MT with at least 150,000 MT being made available for commercial use by both individual consumers and industrial procurers.

Other nationwide bee product estimates for 2000 are: 1500 MT royal jelly; 3000 MT to 3500 MT pollen; 2500 MT bees wax; 300 MT propolis. These numbers are attainable goals for 2001, as well.

Many sources believe that natural resources are under-utilized in several provinces. Beekeepers migrate throughout the country to hit peak blooming times, thus leaving some areas without many bees during non-peak times. The first quarter of 2001 has seen good weather for honey production. Honey flow lasts about 8 months because of migrations. Principal bee raising regions reported crops or floral sources blooming a week earlier in 2001. There seems to be better bee disease prevention programs implemented and coordinated throughout China's bee raising and honey production provinces. The popularity of highly productive western style bees among serious beekeepers is also on the rise. Beekeepers are using western bees to make more honey and royal jelly, but prefer Asian bees for pollinating crops.

Theoretically, beekeepers are all registered in their hometown through bee raising associations. Under this plan, beekeepers report their production at an annual beekeeper's association meeting organized by officials from their county or township governments. In some instances data is reported by household while in other instances several individuals within the family household register and report parts of shared data. Unfortunately, in practice, some bee raising associations have ceased to function due to lack of funds, so data are estimated by local government authorities. Additionally, beekeepers' standard practice is to sell extracted honey to both individual consumers and industrial facilities during the 8 months of migratory honey production. Therefore, accurate records aren't kept and some data is lost. Another problem is that some beekeepers retain extracted honey for their hives to use during the bee raising season, yet report the numbers in total production. The number of beekeepers fluctuates as prices rise up or down and some may not register or report any production data. In addition, some honey is double counted if it is claimed by both an industrial procurer and an individual beekeeper who may report the data back to another county association.

Yields

There are an estimated 6 million to 7 million registered bee hives in China. At least 5 million of these hives are western bees. Official estimates say the number of households raising bees is around 100,000. This would indicate a number of 300,000 beekeepers in China. There are roughly 1 million hives registered to 15,000 households in Zhejiang Province and 950,000 registered hives to 10,000 households in Sichuan Province. These are the most prominent bee-raising and honey producing provinces in China.

Medium sized operations vary from province to province. In one area, medium sized operations maintain 80-150 hives, but in another area medium sized operations maintain 100-300 hives. Commercial beekeepers can load 200 hives onto a truck when migrating. Yields also vary greatly among different beekeepers. Many of the skilled beekeepers report that an above average hive can produce 150 kg of honey and 1.5-2.2 kg of royal jelly (with an upper limit of 4 to 5 kg). However, many hives yield less. Government and bee-raising association officials report average hive yields between 50-100 kg of honey.

Beekeepers have reported considerable growth in bee product yields with increases of 150 to 200 percent over the last four to five years. Heavier reliance on western bees, improved technical

awareness, better bee disease and mite management, along with better awareness of flowering plants and trees are some of the reasons for yield increases. Nearly all commercial beekeepers dedicate some of their resources to the more profitable but labor intensive production of royal jelly. Yields in other bee products have also grown as beekeepers gain greater awareness of other bee products market demands and switch over to those tertiary products. Bee keepers have also found it easier to travel on highways from province to province. Many beekeepers now have set routes and have reached informal squatting agreements with farmers and growers.

It is difficult to estimate beekeepers incomes. A high-end average gross income for commercial beekeepers is between 30,000 to 50,000 RMB (approximately \$3630-6050). Migratory beekeepers pay an average of 20,000 RMB (approx. \$2420) for yearly vehicle rental and moving costs causing take home pay to be substantially less. There are also significant expenses accrued when purchasing sugar to feed colonies during non-honey production periods.

Commercial beekeepers expect anywhere from 4-5 RMB per kilo for low quality honey and 7 RMB per kilo for good quality grade honey to industrial procurers and processors. Prices for honey sold to individual consumers varies according to haggling power.

Production Policy

Chinese government policy encourages bee raising and honey production. Reportedly, the government at both the central and local levels has not financially supported honey producers since 1978. It has also been said that government financial support for producers of health care products that use honey and related items doesn't exist. The government is also paying more attention to the safety and quality of honey production. Laws are also being made that distinguish between honey related health products and pharmaceutical products.

Support comes in the form of bee disease prevention, technology extension, and beekeeper education from provincial or area bee keeping management stations. There is government support and promotion that helps organize small scale producers into larger collectives. Additionally, beekeepers' incomes from the sale of honey, honey products, and queen bees are tax free.

The government is encouraging beekeepers to migrate less and more fully utilize natural resources. This plan would improve the quality of life for beekeepers. This plan may also spur on the whole bee-keeping industry as beekeepers start-up in areas that would be abandoned by the migrant beekeepers.

The poverty alleviation program announced in 1997 to place 10 bee hives in the hands of every mountainous poor person was an unrealized slogan. The abject poverty in those regions would never create a competitive market. Terrain also prohibits honey from being transported to areas where markets exist.

Beekeepers, Bee-Keeping Raising Associations, Bee-Keeping Management Stations, Honey and Health Care Producers are eager to receive information and support across several fields. One hope is

to improve upon current harvesting technology that relies heavily on manual collection. Sources feel this would allow for a greater number of hives per keeper. Next, sources want to open or explore new markets that use honey so as to add value to raw materials. Third, sources want to improve bee quality. One example is that fifty Australian queen bees have just been purchased by the Sichuan Provincial Bee-Keeping Management Station. There is interest to import queen bees from the United States, as well. Finally, assistance is needed in honey packaging. Upon inspection, many beekeepers still use metal drums, but they know they should be using plastic totes or containers coated with biological paint.

TRADE

Exports

Table 2
China Honey Exports to Major Destinations

Export Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Honey		
Time period	CY	Units:	MT
Exports for:	1999		2000
U.S.	22437.2	U.S.	23688.233
Others		Others	
Japan	31647.2	Japan	38500.292
United Kingdom	9119.548	United Kingdom	13304.95
Germany	8104.7	Germany	11934.8
Spain	5307.268	Spain	7217.77
Canada	2859.486	Canada	2500.009
Belgium	3462.612	Belgium	1457.54
Hong Kong	781.643	Hong Kong	1181.066
Netherlands	1376.663	Netherlands	907.99
Malaysia	444.083	Malaysia	583.172
Singapore	410.471	Singapore	377.184
Total for Others	63513.674		77964.773
Others not Listed	1237.305		1235.098
Grand Total	87188.179		102888.1

Source: China Customs

China exported 102,888 MT of honey in 2000, 15 percent greater than exports in 1999. There continue to be data gaps between what China reports exported and what other countries report as imports. Often, the export volume reported by China Customs is smaller than the volume importing countries report. Rather significant data gaps can be seen in trade data between China and Japan or China and Germany. Honey exports in the first two months of 2001 are 13,900 MT, an increase of 14 percent over the same period in 2000. Industry sources forecast that China's total honey exports in

2000 will reach at least 90,000 MT.

China's honey exports to the U.S. were 23,688 MT in 2000, an increase of 5.5 percent over 1999 exports. The rate of growth slowed remarkably, but it is important to note that 2000 exports show an increase of nearly 70 percent from levels attained in 1998. According to Chinese sources, exports prices to the U.S. are set at a reference price three months prior to trading. Also factored into the agreement were expectations that the quantity of honey supplied to the U.S. and the export price of honey to the U.S. would remain stable. Post sources have said these agreement provisions were one cause that 2000 honey export prices to the U.S. fluctuated far less than export prices to Europe. Chinese sources feel that their largest competitor for exporting honey worldwide is Argentina.

Japan is still the largest export market for China's honey and bee products. As reported by China Customs, Japan held 29 percent of total exports in 1998, 36 percent in 1999, and 37 percent in 2000. Percentage of trade to Japan seems to be back to levels seen before the Asian financial crisis and Japanese Yen depreciation. Many Chinese feel that the greatest market opportunity for bee products in Japan is royal jelly. Trade data indicates that Japan accounts for 50 to 60 percent of royal jelly trade volume.

Germany was the second largest market for Chinese honey in 1997 and 1998. Volume was at a high of 19,916 MT in 1998, but fell sharply in 1999 to 8,105 MT. This was in large part due to German concerns for honey quality and pesticide contamination. Export volume to Germany has since been rising. Exports reached 11,935 MT in 2000. Germany is China's fourth largest market for Chinese honey. This is behind Japan, the U.S., and the United Kingdom.

Imports

Table 3
China Honey Imports by Origin

Import Trade Matrix			
Country	China, Peoples Republic of		
Commodity	Honey		
Time period	CY	Units:	MT
Imports for:	1999		2000
U.S.	10.08	U.S.	17.532
Others		Others	
Thailand	93.96	Thailand	142.68
China, P.R.	122.875	China, P.R.	117.45
Australia	25.359	Australia	36.597
Japan	114.56	Japan	29.754
Taiwan	36.427	Taiwan	26.215
Hong Kong	401.32	Hong Kong	0.6
South Korea	2.5	South Korea	0.9
Canada	21.533	Canada	0
United Kingdom	20.301	United Kingdom	0
Brazil	0.4	Brazil	0.1
Total for Others	839.235		354.296
Others not Listed	0.799		0.073
Grand Total	850.114		371.901

Source: China Customs

China's imports decreased 56 percent from 850 MT in 1999 to 372 MT in 2000. Imports of honey in 2001 will be even lower, despite the reported depletion of stocks. The first two months of 2001 show only 7.8 MT of honey imported. This is down significantly from the 150.2 MT of honey imported over the same period last year.

Industry sources report that honey being imported to China is for a small market of affluent consumers and high-end consumption.

Price

China's honey export price is in a downward trend. Prices continued to drop during the first half of 2000 due to high production levels. Chinese production fell off, but international demand remained and honey exports regained some of their lost value in the last half of 2000. Industry sources feel that China's honey export price is also driven by the honey production of Argentina and Hungary. If honey production is up in these two countries than supply for North and South America along with Europe is high and prices are down.

Industry sources report export prices of white honey to Europe and the U.S. are moving closer together. U.S. importers of Chinese honey still pay more than Europeans. Shipping costs to the U.S. are also higher. U.S. west coast shipments are slightly higher than Europe and east coast shipments are about fifty dollars per metric ton more than Europe.

Local procurement prices for honey are expected to vary very little from 2000.

Trade Policy

Trade policy to the U.S. has remained unchanged since the Honey Suspension Agreement (see GAIN Report #CH9050). Post has heard conflicting reports from industry sources regarding trade policy to other countries. Some sources report that honey exported to countries other than the U.S. is still regulated by a quota allocation system named "Regulation on Paying for Use of Quotas" enacted in April 1999. Under this regulation, trading companies that were granted permission to export honey may apply for a quota at a fixed fee established by the export industry. Others report that this trade quota has been lifted at the Chinese Annual Honey Conference held at the beginning of March, 2001.

China's honey import tariff rate is set at 25 percent. China's imports of honey won't change much after WTO accession. Only China's small, but growing, middle and upper class are able to afford foreign honey or honey products.

STOCKS

There is no official data on honey stocks available. According to industry sources, production was down in the last half of 2000, but export demand grew. Industry sources report 2001 beginning stock levels are depleted. A review of export and import volume for the first few months of 2001, however, reveal stock levels are not yet exhausted.

According to industry sources, stock size depends greatly upon Japanese demand. The proximity of the two countries allows for faster trade deliveries when Japanese demand for honey increases. Most honey stocks retained are of Acacia flower honey; that Japanese consumers tend to prefer.

DOMESTIC CONSUMPTION

Honey and bee products are a health food in China. Reportedly, raw honey consumption is growing between 5 to 10 percent a year. Consumption of bee products like royal jelly is growing at about 20 percent a year. In the city of Chongqing, there has been amazing growth in the honey and bee product industry. In the 1970s there was just one wholesale honey trader and 10 retail traders. Now, there are over 300 specialty shops in the area plus department stores and supermarkets selling honey. Many of the specialty stores are run by local honey producers or beekeepers. Supermarkets and department stores dedicate shelf space for health products, including honey. As supermarkets grow in popularity over meat and vegetable markets one should expect a growth in sales opportunities for honey and bee

products, as well.

Sources believe that Chinese prefer good quality sweet tasting and fragrant honey. Many Chinese prefer date honey, but preference tastes vary from region to region. Consumption of Longyan or dragon eye honey and tree flower honey, like Acacia, is growing. Retail sales of honey are usually in 400g or 700g size glass jars. Growth in honey consumption is taking place within cities and middle-aged groups. Numbers are skewed due to China's enormous population, but sources report annual domestic honey consumption per capita is only 50 grams.

There seem to be few new industrial honey products entering the market. Honey is being used as a sweetener in some health drinks and carbonated drinks. Honey has been put into yoghurt as a flavorer. Although, not new, honey is also used in the preparation of some foods like Beijing Roast Duck. Royal jelly has been introduced into some other beverages, as well. Bees wax is now being used as an alternative odorless fuel for the traditional Chinese dish called hot pot. Whatever name it goes by; whether Propolis, bee's glue, or purple gold, the product is turning health industry heads, as well.

Bee products as a health food are also in growing demand. Royal jelly products claim to promote the body's metabolism, improve general immunity, enhance brain activity and relieve tiredness. Bee products are also touted as effective for anaemia, indigestion, and menopausal symptoms. Producers claim that pollen is useful for arthritis, hypertension, constipation, sexual dysfunction, prostatic hypertrophy, liver malfunction, nocturia, obesity, skin disease, diabetes, and the common cold. As an affluent middle-aged Chinese public grows more aware of these problems and their possible cures, demand is expected to grow.

Marketing

It has been said that the government will continue to stress the quality of all honey products. This is also a concern for the beekeepers, bee raising stations, and industrial users of honey or bee products. To this end, bee keeping associations arrange educational courses for beekeepers. Through these local associations beekeepers also share information with others at annual or twice annual meetings. There is also an annual national honey conference arranged for Chinese. This year it was held in Xian during the first part of March.

Research into bee breeding stock, bee feeding, bee cultivation, bee proteins, bee disease prevention and health products is being carried out by some universities and the China Bee Raising Research Institute.

Honey producers market their products to different age groups and gender groups. Honey especially for women, elderly and children is most visible on store shelves. Detailed information on grading honey within China is unavailable. Industry sources report that grading is based on color and floral source.